

Message Text

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PAGE 01 TEHRAN 05509 221231Z

ACTION EB-07

INFO OCT-01 AF-10 ARA-10 EA-07 EUR-12 NEA-10 ISO-00
ERDA-05 AID-05 CEA-01 CIAE-00 COME-00 EPG-02
DODE-00 FEAE-00 FPC-01 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-07 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 PA-01 PRS-01 /140 W
-----041280 221235Z /53

P R 221054Z JUN 77

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 0000

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY QUITO

AMEMBASSY TRIPOLI

USINT BAGHDAD

AMCONSUL DHAHRAL

AMEMBASSY VIENNA

AMEMBASSY STOCKHOLM

C O N F I D E N T I A L TEHRAN 5509

E.O. 11652: GDS

TAGS: ENRG OPEC IR

SUBJ: OPEC PRICES

1. DCM SPOKE TO MINISTER OF STATE AMOUZEGAR JUNE 22
REGARDING CONFLICTING IMPRESSIONS WE HAVE BEEN RECEIVING FROM
VARIOUS QUARTERS ABOUT POSSIBLE RESOLUTION OF TWO-TIER OPEC
PRICING SYSTEM. AMOUZEGAR SAID THAT HE HAD DISCUSSED THIS
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QUESTION WITH ZAKI YAMANI IN PARIS DURING THE RECENT CIEC
MEETING. YAMANI TOLD AMOUZEGAR ALLEGEDLY ON INSTRUCTIONS
FROM THE SAG THAT SAUDI ARABIA HAD DECIDED TO INCREASE ITS
OIL PRICE BY FIVE PERCENT EFFECTIVE JULY 1, BRINGING
IT IN LINE WITH THE OPEC ELEVEN PRICE. WHAT HAD NOT
BEEN DECIDED WITHIN SAG COUNCILS, ACCORDING TO YAMANI,
WAS WHETHER THE PRICE INCREASE WOULD BE IN ONE OR TWO

STAGES. YAMANI SAID HE FAVORED THE FORMER. IN ANY EVENT, HE WAS TO LET AMOUZEGAR KNOW SUBSEQUENTLY, BUT AMOUZEGAR HAS NOT YET HEARD. AMOUZEGAR ADDED THAT HE EXPECTED TO HAVE DIRECT WORD WITHIN THE NEXT FEW DAYS AND ANTICIPATED AN AUTHORITATIVE ANNOUNCEMENT BEING MADE BY THE OPEC SECRETARY SHORTLY THEREAFTER.

2. IN RESPONSE TO A QUESTION ABOUT WHAT THE OPEC ELEVEN MAY HAVE AGREED IN RETURN, AMOUZEGAR SAID THAT A PRICE FREEZE WOULD BE IN EFFECT UNTIL THE END OF 1977. HE ADDED THAT NO REPEAT NO DISCUSSION HAD TAKEN PLACE ABOUT AN EXTENSION OF A PRICE FREEZE BEYOND THAT DATE. HE ANTICIPATED THAT THIS QUESTION WOULD BE ON THE AGENDA AT THE NEXT REGULAR OPEC MINISTERIAL IN DECEMBER. IN HIS VIEW, THE OUTCOME WOULD DEPEND MAINLY ON THE STATE OF THE WORLD ECONOMY, OIL MARKET CONDITIONS, AND HOW INFLATION IS BEING CONTROLLED IN WESTERN ECONOMIES.
SULLIVAN

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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